

§ 1703.303

(b) *Rules of construction.* Unless the context otherwise indicates; “includes” and “including” are not limiting, and “or” is not exclusive. The terms defined in §1703.302(a) include both the plural and the singular.

[58 FR 21639, Apr. 23, 1993, as amended at 59 FR 66440, Dec. 27, 1994]

§ 1703.303 Eligibility criteria for deferment of loan payments.

The deferment of loan payments may be granted to any borrower that is not financially distressed, delinquent on any Federal debt, or in bankruptcy proceedings. However, the deferment of loan payments will not be granted to a borrower during any period in which the Administrator has determined that no additional financial assistance of any nature should be provided to the borrower pursuant to any provision of the RE Act. The determination to suspend eligibility for the deferment of loan payments under this subpart will be based on:

(a) The borrower's demonstrated unwillingness to exercise diligence in repaying loans made by RUS or RTB or guaranteed by RUS that results in the Administrator being unable to find that such loans, would be repaid within the time agreed; or

(b) The borrower's demonstrated unwillingness to meet the requirements in RUS's or RTB's legal documents or regulations.

§ 1703.304 Restrictions on the deferment of loan payments.

(a) The deferment must not impair the security of any loans made RUS or RTB, or guaranteed by RUS, pursuant to the RE Act.

(b) At no point in time may the amount of the debt service payments deferred exceed 50 percent of the total cost of a community, business, or economic development project for which a deferment is provided.

(c) A borrower may defer debt service payments only in an amount equal to the investment made by such borrower in a rural development project. The investment must not be made from:

(1) Proceeds of loans made or guaranteed pursuant to the RE Act, or grants made pursuant to the RE Act or section 2331 through section 2335A of the

7 CFR Ch. XVII (1–1–06 Edition)

Rural Economic Development Act of 1990 (7 U.S.C. 950aaa *et seq.*);

(2) Funds necessary to make timely payments of principal and interest on loans made, guaranteed or lien accommodated pursuant to the RE Act;

(3) Insurance proceeds from mortgaged property;

(4) Damage awards and sale proceeds resulting from eminent domain and similar proceedings involving mortgaged property;

(5) Sale proceeds from mortgaged property sales requiring specific Administrator approval; and

(6) Funds which are restricted by RUS or RTB loan instruments to be held in trust for the Government or to be held for any other specific purpose.

(d) Any investment made in a rural development project prior to the date of the application for a deferment based on such project cannot be used to satisfy the requirements of this section.

§ 1703.305 Requirements for deferment of loan payments.

(a) Except as otherwise provided in paragraph (b) of this section, the borrower must make a cushion of credit payment equal to the amount of the payment deferred and subject to the following rules:

(1) Cushion of credit payments made prior to the date that an application for deferral has been approved by RUS cannot be used to satisfy the requirements of this section;

(2) Once a cushion of credit payment has been made to satisfy the requirements of paragraph (a) of this section, it must remain on deposit in the cushion of credit account on the date of the deferral or the deferral will not take place; and

(3) The cushion of credit payment must be received by RUS on the date the payment being deferred is due, or within 30 days prior to this date.

(b) A borrower may elect to consolidate in one application filed pursuant to §1703.311, all of the related deferrals it wishes to receive in a twelve month period following application approval. In such a case, the requirement contained in paragraph (a)(1) of this section may alternatively be satisfied by